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March 18, 2005

VIA UPS OVERNIGHT

The Honorable Pat Miller
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

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Re: Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc --
Docket No 04-00290

Dear Chairman Miller

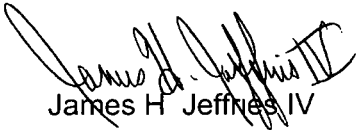
On March 4, 2005, after an agreed one month extension of the 180-day review period, the Energy & Water Division of the Tennessee Regulatory Authority filed their Audit Report on Nashville Gas Company's 2004 Incentive Plan Account in the above-captioned proceeding. Nashville Gas Company has received and preliminarily reviewed that report and disagrees with several of the Staff's conclusions and recommendations. Nashville Gas Company intends to file a comprehensive response to the Staff's recommendations and conclusions in the near future but is currently fully engaged in the preparation of a rate case that will be filed with the North Carolina Utilities Commission at the end of this month. Because of the pendency of this rate filing, Nashville Gas Company has not been able to turn its focus to the preparation of a response to the Staff IPA audit report, and will not be able to do so for several more weeks.

Consistent with the Company's Performance Incentive Plan tariff, Authority Rule 1220-4-7-03, and the agreed one month extension reflected in the Staff's letter filing of February 8, 2005, the time in which the Authority is permitted to act upon the Staff's report will expire on March 28, 2005.

The purpose of this letter is to notify the Authority of the agreement of Staff and Nashville Gas Company to further extend this deadline for an additional two months -- until May 28, 2005 -- in order to permit Nashville Gas Company sufficient time to prepare a response to the Staff's report and to provide a reasonable period of time for the Authority to consider both Staff's report and the Company's response before ruling on this matter. The Company does not believe that this additional extension will cause any party with an interest in this matter (or the Authority itself) to be prejudiced in any way. The Company will endeavor to file its response as soon as possible after the filing of its North Carolina rate application but in no event later than April 15, 2005.

Nashville Gas Company appreciates the Authority's attention to this matter. If this extension and proposed schedule for the filing of a Company response to the Staff's IPA audit report is not satisfactory to the Authority, please let me know and we will make every effort to respond as best we can within any alternative timeframe established by the Authority.

Sincerely,



James H. Jeffries IV

JHJ/bao

c: Mr. Randal Gilliam